

15 March 2019

**High Concentration of Shareholding
in
Reach New Holdings Limited (Stock Code: 08471)**

This announcement is made by the Securities and Futures Commission (“SFC”) in respect of the concentration of the shareholding of Reach New Holdings Limited (“the Company”) in the hands of a limited number of shareholders as at 1 March 2019.

In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the shares of the Company (“Shares”) could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the Shares.

The SFC has recently completed an enquiry into the shareholding of the Company. Our findings suggested that, as at 1 March 2019, a group of 15 shareholders held an aggregate of 149,940,000 Shares, representing 18.74% of the issued Shares. Such shareholding, together with 600,000,000 Shares (representing 75.00% of the issued Shares) held by the substantial shareholder of the Company, represented 93.74% of the issued Shares as at 1 March 2019. Therefore, only 50,060,000 Shares (representing 6.26% of the issued Shares) were held by other shareholders.

As at 1 March 2019, the shareholding structure of the Company was as follows:

	Number of Shares held (Shares)	% of total number of issued Shares (%)
Neo Concept Holdings Limited <i>(Note 1)</i>	600,000,000	75.00
A group of 15 shareholders	149,940,000	18.74
Other shareholders	50,060,000	6.26
Total	800,000,000	100.00

Note 1: Neo Concept Holdings Limited is wholly-owned by Mr. Lam Cheung Chuen, the Chairman and Non-Executive Director of the Company.

The Shares were listed on the GEM Board of the Stock Exchange of Hong Kong Limited on 21 July 2017 by way of placing and public offer of a total of 200,000,000 Shares (representing 25% of the issued Shares) at \$0.30 per share.

During the period from 21 July 2017 to 26 February 2019, share price of the Company closed between \$0.240 and \$0.450, with an average daily trading volume of 3,060,127 Shares.



Since then, the share price surged 310.7% from the closing price of \$0.375 on 26 February 2019 to close at \$1.540 on 13 March 2019, and the average daily trading volume also increased substantially to 8,852,591 Shares.

On 25 February 2019 after market close, the Company issued a profit warning stating that the Group is expected to record a loss for the year ended 31 December 2018, as compared to the net profit of the Group (excluding the listing expenses) of approximately RMB4.5 million recorded for the year ended 31 December 2017 mainly due to (i) the decrease in sales; (ii) the increment of production costs; and (iii) the increase in directors' fee and staff costs incurred after the listing of the Company.

As of 14 March 2019, the Shares closed at \$1.510, which was 302.7% higher than the closing price of \$0.375 on 26 February 2019.

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